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**COAHOMA COMMUNITY COLLEGE  
AND EARLY COLLEGE HIGH SCHOOL  
FINANCIAL AUDIT REPORT  
YEAR ENDED JUNE 30, 2017**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
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**JUNE 30, 2017**

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**INDEPENDENT AUDITORS' REPORT**

To the President and Board of Trustees  
Coahoma Community College and Early College High School  
Clarksdale, Mississippi 38614

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Coahoma Community College and Early College High School as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the college and high school's basic financial statements as listed in the table of contents. We audited the financial statements of the Coahoma Community College Foundation, Inc. as of and for the year ended June 30, 2017, which represents 100 percent of the activities of the discretely presented component unit.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Coahoma Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of Coahoma Community College and Early College High School as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 21, the Schedules of the Proportionate Share of Net Pension Liability and PERS Contributions and related notes on pages 58 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by The Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

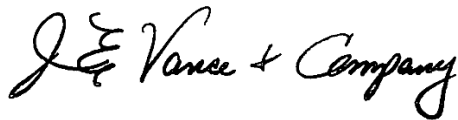
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coahoma Community College and Early College High School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes

of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reported dated February 7, 2018, on our consideration of Coahoma Community College and Early College High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coahoma Community College and Early College High School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. E. Vance + Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
February 7, 2018

## **Coahoma Community College and Early College High School**

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Management's Discussion and Analysis  
For the Year Ended June 30, 2017

This section of the Coahoma Community College and Early College High School's annual financial report represents our discussion and analysis of the financial performance of the college and high school during the fiscal year ended June 30, 2017. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of the college and high school's management.

### **Using the Annual Report**

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

Coahoma Community College and Early College High School reports the following discretely presented component unit: Coahoma Community College Foundation, Inc. (the Foundation). The main purpose of the Foundation is to raise money to supplement the college and high school's resources.

The annual report consists of three basic financial statements that provide information on the college and high school as a whole: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Position includes all assets, deferred outflows, liabilities and deferred inflows. The college and high school's net position (the difference between assets and liabilities) is one indicator of the college and high school's financial health. Over time, increases or decreases in net position are one indicator of improvement or erosion of the college and high school's financial health when considered along with non-financial factors such as enrollment levels and the condition of the facilities of the college and high school.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.



## **Coahoma Community College and Early College High School**

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Management's Discussion and Analysis  
For the Year Ended June 30, 2017

Another important factor to consider when evaluating financial viability is the college and high school's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

### **Financial and Enrollment Highlights**

- Enrollment decreased .9% from the prior year based on headcount.

<b>Year</b>	<b>Total Students Enrolled in Fall</b>
<b>2007</b>	<b>2,216</b>
<b>2008</b>	<b>2,263</b>
<b>2009</b>	<b>2,621</b>
<b>2010</b>	<b>2,741</b>
<b>2011</b>	<b>2,301</b>
<b>2012</b>	<b>2,305</b>
<b>2013</b>	<b>2,072</b>
<b>2014</b>	<b>2,044</b>
<b>2015</b>	<b>2,209</b>
<b>2016</b>	<b>2,189</b>

- Gross revenue from tuition and fees increased 5.8% from the prior year.
- Revenue from federal and state grants decreased by 4.1% from the prior year.
- Revenue from state and county appropriations decreased by 1.1% from the prior year.
- The value of the endowment fund increased by 16.3% from the prior year.

## Coahoma Community College and Early College High School

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### Condensed Statements of Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
Assets			
Current Assets	\$ 13,338,805	\$ 13,715,021	(376,216)
Noncurrent Assets:			
Capital Assets, Net	36,645,088	36,811,948	(166,860)
Other Assets	<u>4,027,155</u>	<u>3,229,568</u>	<u>797,587</u>
Total Assets	<u>54,011,048</u>	<u>53,756,537</u>	<u>254,511</u>
Deferred Outflows - Pensions	<u>7,852,711</u>	<u>5,224,885</u>	<u>2,627,826</u>
Liabilities			
Current Liabilities	1,202,573	1,187,196	15,377
Noncurrent Liabilities	30,568	80,893	(50,325)
Net Pension Liability	<u>35,724,994</u>	<u>29,370,253</u>	<u>6,354,741</u>
Total Liabilities	<u>36,958,135</u>	<u>30,638,342</u>	<u>6,319,793</u>
Deferred Inflows - Pensions	<u>-0-</u>	<u>788,838</u>	<u>(788,838)</u>
Net Position			
Net Investment in Capital Assets	36,603,088	36,729,948	(126,860)
Restricted:			
Nonexpendable Scholarships	2,372,828	2,041,641	331,187
Expendable Scholarships	1,063,881	1,034,657	29,224
Capital Projects	500,000	-0-	500,000
Unrestricted	<u>(15,634,173)</u>	<u>(12,252,004)</u>	<u>(3,382,169)</u>
Total Net Position	<u>\$ 24,905,624</u>	<u>\$ 27,554,242</u>	<u>(2,648,618)</u>

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Assets**

#### **Current Assets**

##### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in the college and high school's bank accounts. The total amount of cash and cash equivalents reported as current assets in the college and high school's financial statements was \$10,013,251 at June 30, 2017, a decrease of \$109,976 from \$10,123,227 at June 30, 2016.

##### **Accounts Receivable**

Accounts receivable relate to several transactions including state and county appropriations and student tuition and fee billings. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowances for doubtful accounts. The college and high school's receivables totaled \$2,729,550 at June 30, 2017, an increase of \$284,874 from \$2,444,676 at June 30, 2016.

##### **Inventories**

The college and high school maintains inventories of resale merchandise as well as items of food purchased for the cafeteria. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories totaled \$127,528 at June 30, 2017, a decrease of \$93,299 from \$220,827 at June 30, 2016.

##### **Prepaid Expenses**

Prepaid expenses include prepaid construction costs and prepaid insurance. Prepaid construction consists of amounts paid to the Mississippi Office of Buildings, Grounds and Real Property Management for the cost of expansion of the Allied Health Center storm damage repairs to Miller Stadium, which are expected to be completed during the 2017/2018 school year. Prepaid construction at June 30, 2017 was \$325,123, a decrease of \$458,586 from \$783,709 at June 30, 2016. Prepaid insurance consists of advance premiums paid on the college and high school's various insurance policies. Prepaid insurance at June 30, 2017 was \$143,353 an increase of \$771 from \$142,582 at June 30, 2016.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Noncurrent Assets**

#### **Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents are those funds that are held in the bank accounts, which are restricted for specific purposes. Restricted cash and cash equivalents primarily consist of federal funds and agency funds held for others. The amount of restricted cash and cash equivalents was \$1,654,327 at June 30, 2017, an increase of \$466,400 from \$1,187,927 at June 30, 2016.

#### **Investments**

Investments include certificates of deposit and marketable securities held and managed by investment managers. These investments are recorded at their fair market value. The fair market value was \$2,372,828 at June 30, 2017, an increase of \$331,187 from \$2,041,641 at June 30, 2016.

#### **Capital Assets, Net**

Capital assets, net consist of land, infrastructure, buildings, equipment, and historical library holdings. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$36,645,088 at June 30, 2017, a decrease of \$166,860 from \$36,811,948 at June 30, 2016.

#### **Deferred Outflows - Pensions**

Deferred outflows represent the amount of net position consumed by the college and high school's pension plan that applies to future periods and will not be recognized as an outflow of resources (expense) until the applicable period. Deferred outflows for pensions were \$7,852,711 at June 30, 2017, an increase of \$2,627,826 from \$5,224,885 at June 30, 2016. The increase in deferred outflow is related to a significant increase in the deferred outflows recognized in the State retirement system's performance for the fiscal year ending June 30, 2016.

### **Liabilities**

#### **Current Liabilities**

##### **Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities represent amounts due at June 30, 2017 for goods and services received before the end of the fiscal year. Accounts payable and accrued liabilities totaled \$833,472 at June 30, 2017, a decrease of \$29,076 from \$862,548 at June 30, 2016.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Long-Term Liabilities - Current Portion**

Long-term liabilities – current portion represents the portion of principal payments for long-term debt that is due within one year. The current portion of bonds and notes due was \$42,000 at June 30, 2017, an increase of \$2,000 from \$40,000 due at June 30, 2016.

### **Other Current Liabilities**

Other current liabilities consist of funds held for student organizations to be disbursed in future years. Other current liabilities were \$327,101 at June 30, 2017, an increase of \$42,453 from \$284,648 at June 30, 2016.

### **Noncurrent Liabilities**

#### **Deposits Refundable**

Deposits refundable consist of student housing deposits to be refunded to students. Student housing deposits refundable were \$30,568 at June 30, 2017, a decrease of \$8,325 from \$38,893 at June 30, 2016.

#### **Long-Term Liabilities**

Long-term liabilities consist of the long-term debt acquired by the institution for capital construction and the college and high school's share of the PERS net pension liability. There was no long-term debt at June 30, 2017, a decrease of \$42,000 from \$42,000 due at June 30, 2016. Net pension liability was \$35,724,994 as of June 30, 2017, an increase of \$6,354,741 from \$29,370,253 as of June 30, 2016.

### **Deferred Inflows - Pensions**

Deferred inflows represent the amount of net position consumed by the college and high school's pension plan that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period. There were no deferred inflows for pensions at June 30, 2017, a decrease of \$788,838 from \$788,838 at June 30, 2016.

### **Net Position**

Net position represents the difference between the college and high school's assets and deferred outflows and its liabilities and deferred inflows. The college's net position decreased by \$2,648,618 in the current year. The total net position at June 30, 2017 was \$24,905,624, compared to \$27,554,242 at June 30, 2016.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Net Investment in Capital Assets**

Net investment in capital assets consists of the college's net position invested in capital assets less the outstanding amount of capital related debt. Net position invested in capital assets was \$36,603,088 at June 30, 2017, a decrease of \$126,860 from \$36,729,948 at June 30, 2016.

### **Restricted Net Position**

Restricted nonexpendable net position consists of endowment gifts with specific restrictions on spending the principal given. Restricted expendable net position consists of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and amounts restricted for capital projects. Restricted net position at June 30, 2017 was \$3,936,709 of which \$2,372,828 was nonexpendable. Restricted net position at June 30, 2016 was \$3,076,298 of which \$2,041,641 was nonexpendable. Restricted net position increased by \$860,411 from June 30, 2016 to June 30, 2017. The nonexpendable portion increased \$331,187 from 2016 to June 30, 2017.

### **Unrestricted Net Deficit**

Unrestricted net deficit represents those balances from operational activities that have not been restricted by parties external to the college and high school such as donors and grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities. Unrestricted net deficit was \$15,634,173 at June 30, 2017, a deficit increase of \$3,382,169 from the \$12,252,004 unrestricted net deficit at June 30, 2016. The change in the unrestricted net deficit is explained in the below.

### **Analysis of Unrestricted Net Position**

	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>Increase (Decrease)</u></b>
Unrestricted Net Position, General and Auxiliary Funds	12,238,110	12,682,202	(444,092)
Net Deficit, Pension Fund	<u>(27,872,283)</u>	<u>(24,934,206)</u>	<u>(2,938,077)</u>
Total Unrestricted Net Deficit	<u>(15,634,173)</u>	<u>(12,252,004)</u>	<u>(3,382,169)</u>

The change in the unrestricted net position of the general and auxiliary funds is related to the changes in pension expense adjustments between June 30, 2016 and June 30, 2017. The change in the pension fund is related to the State retirement system's performance for the fiscal year ending June 30, 2016.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>(Decrease)</u></b>
Operating Revenues:			
Tuition and Fees	\$ (281,242)	\$ (201,585)	\$ (79,657)
Grants and Contracts	17,056,300	17,603,677	(547,377)
Sales and Services	41,950	42,478	(528)
Auxiliary Enterprises	1,181,330	1,384,506	(203,176)
Other Operating Revenues	<u>197,149</u>	<u>184,044</u>	<u>13,105</u>
Total Operating Revenues	18,195,487	19,013,120	(817,633)
Operating Expenses	<u>34,552,926</u>	<u>33,607,405</u>	<u>945,521</u>
Operating Loss	<u>(16,357,439)</u>	<u>(14,594,285)</u>	<u>(1,763,154)</u>
Nonoperating Revenues:			
State Appropriations	9,362,878	9,480,823	(117,945)
County Appropriations	2,889,647	2,902,394	(12,747)
Investment Income, Net	113,977	124,276	(10,299)
Interest Expense on Capital Asset Related Debt	<u>(4,100)</u>	<u>(6,978)</u>	<u>2,878</u>
Net Nonoperating Revenues	<u>12,362,402</u>	<u>12,500,515</u>	<u>(138,113)</u>
Income (Loss) Before Other Revenues	(3,995,037)	(2,093,770)	(1,901,267)
State Appropriations Restricted for Capital Projects	1,094,528	1,407,828	(313,300)
Other Additions and (Deletions)	<u>251,891</u>	<u>(110,061)</u>	<u>361,952</u>
Total Other Revenues	<u>1,346,419</u>	<u>1,297,767</u>	<u>48,652</u>
Increase (Decrease) in Net Position	(2,648,618)	(796,003)	(1,852,615)
Net Position at Beginning of Year	27,554,242	28,350,245	(796,003)
Net Position at End of Year	<u>\$ 24,905,624</u>	<u>\$ 27,554,242</u>	<u>\$ (2,648,618)</u>

## **Coahoma Community College and Early College High School**

### **Management's Discussion and Analysis For the Year Ended June 30, 2017**

Total operating loss for the year ending June 30, 2017 was \$16,357,439, a loss increase of \$1,763,154 from \$14,594,285 for the year ending June 30, 2016. Since state and county appropriations are not included within operating revenue per GASB No. 35, the college and high school shows a significant operating loss.

The sources of operating revenue for the college and high school are tuition and fees, grants and contracts, auxiliary services, and other operating revenues.

The college and high school strives to provide students with the opportunity to obtain quality education. Future enrollment at the college may be affected by a number of factors including any material increases in tuition and other mandatory charges stemming from any material decrease in appropriation funding from the State of Mississippi.

Total operating revenues for the fiscal year ending June 30, 2017 were \$18,195,487, a decrease of \$817,633 from total operating revenues of \$19,013,120 for the fiscal year ending June 30, 2016. Operating expenses, including depreciation of \$1,973,244, totaled \$34,552,926 for the fiscal year ending June 30, 2017. Operating expenses for the fiscal year ending June 30, 2016, including depreciation of \$1,888,112, totaled \$33,607,405. The total operating expenses for the year ending June 30, 2017 increased \$945,521 from the total operating expenses for the year ending June 30, 2016. Depreciation expense for the year ending June 30, 2017, increased by \$85,132 from the amount of depreciation expense for the year ending June 30, 2016.

### **Revenues**

#### **Operating Revenues**

##### **Tuition and Fees**

This category includes all tuition and fees assessed for educational purposes net of scholarship allowances. Tuition and fees before applying scholarship allowances for the fiscal year ending June 30, 2017, were \$5,478,292, an increase of \$298,828 from \$5,179,464 for the fiscal year ending June 30, 2016. Tuition and fees net of scholarship allowances were (\$281,242) for the fiscal year ending June 30, 2017, a decrease of \$79,657 from (\$201,585) for the fiscal year ending June 30, 2016.

##### **Grants and Contracts**

This category includes all restricted revenues made available by government agencies as well as by private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Nonexchange revenues are recorded when received or when eligibility criteria have been met.



## **Coahoma Community College and Early College High School**

### **Management's Discussion and Analysis For the Year Ended June 30, 2017**

The following table details the college and high school's grant and contract awards.

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>(Decrease)</u></b>
Federal Sources:			
Department of Education	\$ 12,426,392	\$ 12,470,824	\$ (44,432)
Other Federal Sources	715,355	1,435,817	(720,462)
State Sources:			
Mississippi Community College Board	2,016,434	1,890,602	125,832
Mississippi Department of Education	1,051,414	1,413,086	(361,672)
Other Sources	<u>846,705</u>	<u>393,348</u>	<u>453,357</u>
Total All Sources	\$ <u>17,056,300</u>	\$ <u>17,603,677</u>	\$ <u>(547,377)</u>

### **Sales and Services**

Sales and services consist of income from athletic activities that totaled \$41,950 for the fiscal year ending June 30, 2017, an decrease of \$528 from \$42,478 for the fiscal year ending June 30, 2016.

### **Auxiliary Enterprises**

Auxiliary enterprises consist of various enterprise entities that exist primarily to furnish goods and services to students, faculty, staff or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting.

Auxiliary enterprises primarily include the college bookstore, college housing, and the cafeteria and snack bar. Total auxiliary service revenues totaled \$1,181,330 for the fiscal year ending June 30, 2017, a decrease of \$203,176 from \$1,384,506 for the fiscal year ending June 30, 2016.

### **Operating Expenses**

Operating expenses for the fiscal year ending June 30, 2017 totaling \$34,552,926 include salaries and benefits of \$20,193,632, contractual services of \$5,090,775, commodities of \$3,310,016, scholarships and fellowships of \$2,602,645, depreciation of \$1,973,244, utilities and insurance of \$1,056,698, and travel of \$325,916. Operating expenses for the fiscal year ending June 30, 2016 totaling \$33,607,405 include salaries and benefits of \$18,147,703, contractual services of \$5,376,472, commodities of \$3,922,412, scholarships and fellowships of \$2,908,862, depreciation of \$1,888,112, utilities and insurance of \$1,011,916, and travel of \$351,928. The changes in operating expenses from the year ending June 30, 2016 to the year ending June 30, 2017 are shown on the next page.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>(Decrease)</u></b>
<b>Operating Expenses by Function:</b>			
Instruction	\$ 13,162,321	\$ 12,277,949	\$ 884,372
Academic Support	3,259,466	3,058,513	200,953
Student Services	4,268,110	3,938,718	329,392
Institutional Support	3,382,861	3,719,660	(336,799)
Operations and Maintenance of Plant	3,532,167	3,430,756	101,411
Student Financial Aid	2,602,862	2,908,988	(306,126)
Auxiliary Enterprises	2,371,895	2,384,709	(12,814)
Depreciation	\$ 1,973,244	1,888,112	85,132
<b>Total Operating Expenses by Function</b>	<b><u>34,552,926</u></b>	<b><u>\$ 33,607,405</u></b>	<b><u>\$ 945,521</u></b>

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>(Decrease)</u></b>
<b>Operating Expenses by Object:</b>			
Salaries and Wages	\$ 13,132,027	\$ 13,184,809	\$ (52,782)
Fringe Benefits	7,061,605	4,962,894	2,098,711
Travel	325,916	351,928	(26,012)
Contractual Services	5,090,775	5,376,472	(285,697)
Utilities and Insurance	1,056,698	1,011,916	44,782
Commodities	3,310,016	3,922,412	(612,396)
Scholarships and Fellowships	2,602,645	2,908,862	(306,217)
Depreciation	\$ 1,973,244	\$ 1,888,112	\$ 85,132
<b>Total Operating Expenses by Object</b>	<b><u>34,552,926</u></b>	<b><u>33,607,405</u></b>	<b><u>945,521</u></b>

### **Nonoperating Revenues (Expenses)**

#### **State Aid**

The college and high school's largest source of nonoperating revenue is the State of Mississippi appropriations. The college and high school received \$9,362,878 for operations for the fiscal year ending June 30, 2017, a decrease of \$117,945 from \$9,480,823 for the fiscal year ending June 30, 2016. An additional \$1,094,528 was received in state capital appropriations for the purchase, construction, renovation and repair of capital assets for the year ending June 30, 2017, a decrease of \$313,300 from \$1,407,828 in state capital appropriations received for the year ending June 30, 2016.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **County Appropriations**

The college receives revenue from the five counties in the district in which it resides. The high school also receives revenue from the county in which it resides. Funding received by the college and high school is used for salaries and benefits and for operational purposes. These appropriations are received as monthly payments, beginning in July of each year. A portion of the support received from the counties is specifically restricted for capital improvements and the reduction of debt. The college and high school received \$2,889,647 for the fiscal year ending June 30, 2017, a decrease of \$12,747 from \$2,902,394 for the fiscal year ending June 30, 2016. These appropriations were fully recorded by the college and high school during the fiscal year.

### **Investment Income, Net**

Investment income includes interest income from the college and high school's investments held by an outside agency. Investment income was \$113,977 for the year ending June 30, 2017, a decrease of \$10,299 from \$124,276 for the year ending June 30, 2016.

### **Other Nonoperating Revenues and Expenses**

There were no other nonoperating revenues for the years ending June 30, 2017 and June 30, 2016. Nonoperating expense consists of \$4,100 interest expense on capital debt for the year ending June 30, 2017, a decrease of \$2,878 from interest expense of \$6,978 for the year ending June 30, 2016.

### **Statement of Cash Flows**

Another way to assess the financial health of the college and high school is by reviewing the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the college and high school during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future cash flows,
- The ability to meet obligations as they become due, and
- The need for external financing.

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Condensed Statement of Cash Flows – Direct Method**

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>(Decrease)</u></b>
Cash and Cash Equivalents Provided (Used) by:			
Operating Activities	\$ (11,705,988)	\$ (12,142,053)	\$ 436,065
Noncapital Financing Activities	12,576,992	12,132,190	444,802
Capital Financing Activities	(297,370)	(744,548)	447,178
Investing Activities	<u>(217,210)</u>	<u>155,972</u>	<u>(373,182)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	356,424	(598,439)	954,863
Cash and Cash Equivalents - Beginning of the Year	<u>11,311,154</u>	<u>11,909,593</u>	<u>(598,439)</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 11,667,578</u></u>	<u><u>\$ 11,311,154</u></u>	<u><u>\$ 356,424</u></u>

The following table shows the changes in the major sources and uses of cash for the years ending June 30, 2017 and 2016.

	<b>For the Year Ended:</b>		<b>Increase</b>
	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>(Decrease)</u></b>
Sources:			
Operating Sources:			
Grants and Contracts	\$ 17,067,433	\$ 17,350,561	\$ (283,128)
Auxiliary Enterprises	1,181,330	1,384,505	(203,175)
Other Receipts	239,602	210,511	29,091
Noncapital Financing Sources:			
State Appropriations	9,417,321	9,576,642	(159,321)
County Appropriations	2,907,780	2,900,059	7,721
Capital Financing Sources:			
Capital Grants	1,094,528	1,407,828	(313,300)
Uses:			-
Operating Uses:			
Payments to Employees	(17,332,037)	(17,244,140)	(87,897)
Payments to Suppliers	(8,938,675)	(9,741,172)	802,497
Payments for Utilities and Insurance	(1,057,470)	(1,003,995)	(53,475)
Payments for Scholarships	(2,602,645)	(2,908,862)	306,217
Noncapital Financing Uses:			
Other Nonoperating Revenues (Expenses)	251,891	(344,511)	596,402
Capital Financing Uses:			
Acquisition and Construction of Assets	\$ (1,347,798)	\$ (2,107,398)	\$ 759,600

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Selected Financial Analyses**

#### **Current Ratio**

	<b>06/30/17</b>	<b>06/30/16</b>	<b>06/30/15</b>
Current Assets	13,338,805	13,715,021	14,616,452
Current Liabilities	1,202,573	1,187,196	1,384,032
Current Ratio	11.09	11.55	10.56

#### **Operational Income Excluding Depreciation**

	<b>06/30/17</b>	<b>06/30/16</b>	<b>06/30/15</b>
Operating Revenues	18,195,487	19,013,120	18,405,743
Nonoperating Revenues	12,362,402	12,500,515	12,287,008
Less: Operating Expenses	(34,552,926)	(33,607,405)	(31,423,824)
Operational Income Including Depreciation	(3,995,037)	(2,093,770)	(731,073)
Depreciation Expense	1,973,244	1,888,112	1,814,943
Operational Income Excluding Depreciation	(2,021,793)	(205,658)	1,083,870

#### **Cash Flows Before Capital Items**

	<b>06/30/17</b>	<b>06/30/16</b>	<b>06/30/15</b>
Net Cash Used by Operations	(11,705,988)	(12,142,053)	(11,057,031)
Net Cash Provided by Non Capital Financing	12,576,992	12,132,190	11,835,446
Cash Flows Before Capital Items	871,004	(9,863)	778,415

#### **Unrestricted Net Position Excluding Property, Plant and Equipment and Debt**

	<b>06/30/17</b>	<b>06/30/16</b>	<b>06/30/15</b>
Unrestricted Net Position	20,968,915	24,477,944	25,390,860
Less: Property, Plant & Equipment	(36,603,088)	(36,729,948)	(36,052,271)
Add: Plant Related Debt	42,000	82,000	120,000
Unrestricted Net Position Excluding Property, Plant and Equipment and Debt	(15,592,173)	(12,170,004)	(10,541,411)

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Selected Financial Analyses (Continued)**

#### **Change in Unrestricted Net Position Excluding Property, Plant and Equipment and Debt**

<b>Revenues</b>	<b>06/30/17</b>	<b>06/30/16</b>	<b>06/30/15</b>
Net Tuition	(281,242)	(201,585)	(1,158,698)
Federal Grants and Contracts	14,439,935	15,418,511	15,884,762
State Grants and Contracts	2,139,726	1,867,483	2,199,595
Nongovernmental Grants and Contracts	476,639	317,683	302,618
Sales and Services	41,950	42,478	40,273
Auxiliary Enterprises	1,181,330	1,384,506	974,597
Other Operating Revenues	197,149	184,044	162,596
State Appropriations	9,362,878	9,480,823	9,264,011
County Appropriations	2,889,647	2,902,394	2,848,819
Capital Appropriations	1,094,528	1,407,828	557,040
Investment Income	113,977	124,276	123,991
Other Nonoperating Revenues	-0-	-0-	62,034
Other Additions	251,891	-0-	-0-
Total Revenues	31,908,408	32,928,441	31,261,638
<b>Expenses</b>			
Instruction	13,162,321	12,277,949	11,505,863
Academic Support	3,259,466	3,058,513	1,972,735
Student Services	4,268,110	3,938,718	3,585,270
Institutional Support	3,382,861	3,719,660	4,052,839
Operation of Plant	3,532,167	3,430,756	3,635,995
Student Aid	2,602,862	2,908,988	2,688,959
Auxiliary Enterprises	2,371,895	2,384,709	2,167,220
Depreciation	1,973,244	1,888,112	1,814,943
Interest Expense on Capital Debt	4,100	6,978	11,847
Other Deletions	-0-	110,061	39,962
Add: Capital Additions Net of Debt	1,347,798	2,107,397	3,552,408
Add: Reduction of Capital Debt	40,000	38,000	36,000
Less: Depreciation	(1,973,244)	(1,888,112)	(1,814,943)
Total Expenses	33,971,580	33,981,729	33,249,098
Change in Unrestricted Net Position Excluding Property, Plant and Equipment and Debt	(2,063,172)	(1,053,288)	(1,987,460)

## **Coahoma Community College and Early College High School**

Management's Discussion and Analysis  
For the Year Ended June 30, 2017

### **Significant Capital Asset Transactions**

During the 2013/2014 school year, the college contracted for expansion of its Allied Health Center at a total estimated cost of \$2,845,595 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management; the college also contracted for storm damage repairs to Miller Stadium at an estimated cost of \$1,740,493 funded by the Mississippi Office of Buildings, Grounds and Real Property Management and the college. During the 2014/2015 school year, the college contracted for a Campus Radio Station at a total estimated cost of \$150,000 funded primarily by the Mississippi Office of Buildings, Grounds and Real Property Management; the college also contracted for a Campus Security Fence at an estimated cost of \$1,030,000, which initially was to be funded by the college but was subsequently additionally funded by the Mississippi Office of Buildings, Grounds and Real Property Management. During the 2016/2017 school year, the college contracted for renovation of the Carter Music Hall at an estimated cost of \$299,682.

The above projects are expected to be completed in the 2017/2018 fiscal year.

During the 2016/2017 school year, the Mississippi Office of Buildings, Grounds and Real Property Management approved funding for the construction of a new student services building for the college at an estimated cost of \$1,279,000 funded by the Mississippi Office of Buildings, Grounds and Real Property Management. Preliminary work on this project is expected to begin during the 2017/2018 school year.

### **Factors Impacting Future Periods**

There are a number of issues of importance college and high school wide that directly impacted the fiscal year 2016/2017 financial situation. The level of federal, state and private support, compensation increases, student tuition and fee increases, insurance and energy cost increases impact the college and high school's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

The need to continue to address priority needs and requirements for deferred maintenance, new technology, repairs, and new construction projects is a large challenge facing the college and high school in the years to come.

Various committees, partnerships and individuals are assessing the college and high school's performance toward identified goals and avenues to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting future challenges.

## **FINANCIAL STATEMENTS**



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 10,013,251
Accounts receivable, net	2,729,550
Inventories	127,528
Prepaid expenses	<u>468,476</u>
Total current assets	<u>13,338,805</u>

Noncurrent assets:

Restricted cash and cash equivalents	1,654,327
Investments	2,372,828
Capital assets, net of accumulated depreciation	<u>36,645,088</u>
Total noncurrent assets	<u>\$ 40,672,243</u>
Total assets	<u><u>54,011,048</u></u>

DEFERRED OUTFLOWS - PENSIONS	\$ 7,852,711
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**LIABILITIES**

Current liabilities:

Accounts payable and accrued liabilities	\$ 833,472
Long-term liabilities - current portion	42,000
Other current liabilities	<u>327,101</u>
Total current liabilities	<u>1,202,573</u>

Noncurrent liabilities:

Deposits refundable	30,568
Net pension liability	<u>35,724,994</u>
Total noncurrent liabilities	<u>35,755,562</u>
Total liabilities	<u><u>\$ 36,958,135</u></u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2017**

NET POSITION

Net investment in capital assets	\$ 36,603,088
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	2,372,828
Expendable:	
Scholarships and fellowships	1,063,881
Capital projects	500,000
Unrestricted:	<u>(15,634,173)</u>
Total net position	<u>\$ 24,905,624</u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Assets:				
Cash	\$ 112,564	\$ -0-	\$ -0-	\$ 112,564
Total Assets	<u>112,564</u>	<u>-0-</u>	<u>-0-</u>	<u>112,564</u>
Liabilities:				
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Assets:				
Unrestricted	112,564	-0-	-0-	112,564
Temporarily Restricted	-0-	-0-	-0-	-0-
Permanently Restricted	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Net Assets	<u>112,564</u>	<u>-0-</u>	<u>-0-</u>	<u>112,564</u>
Total Liabilities & Net Assets	\$ <u>112,564</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>112,564</u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

Operating revenues:

Tuition and fees (net of scholarship allowances of \$5,759,535)	\$ (281,242)
Federal grants and contracts	14,439,935
State grants and contracts	2,139,726
Nongovernmental grants and contracts	476,639
Sales and services	41,950
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$602,876)	(29,439)
Food services (net of scholarship allowances of \$893,683)	(43,542)
Bookstore	1,231,248
Other auxiliary revenues	23,063
Other operating revenues	<u>197,149</u>
Total operating revenues	18,195,487

Operating expenses:

Salaries and wages	13,132,027
Fringe benefits	7,061,605
Contractual services	5,090,775
Commodities	3,310,016
Travel	325,916
Utilities and insurance	1,056,698
Scholarships and fellowships	2,602,645
Depreciation expense	<u>1,973,244</u>
Total operating expenses	<u>34,552,926</u>
Operating loss	\$ <u>(16,357,439)</u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

Nonoperating revenues (expenses)	
State appropriations	\$ 9,362,878
County appropriations	2,889,647
Investment income	113,977
Interest expense on capital asset-related debt	<u>(4,100)</u>
Total nonoperating revenues (expenses)	<u>12,362,402</u>
Income before other revenues, expenses, gains and losses	<u>(3,995,037)</u>
State appropriations restricted for capital projects	1,094,528
Other additions	<u>251,891</u>
Change in net position	(2,648,618)
Net position:	
Net position - beginning of year	27,554,242
Net position - end of year	\$ <u><u>24,905,624</u></u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Revenues, Gains and Support				
Contributions	\$ 79,252	-0-	-0-	\$ 79,252
Investment Income	<u>33</u>	<u>-0-</u>	<u>-0-</u>	<u>33</u>
Total Revenues, Gains and Support	<u>79,285</u>	<u>-0-</u>	<u>-0-</u>	<u>79,285</u>
Expenses				
Program Services				
General College Support	7,530	-0-	-0-	7,530
Supporting Services				
Fund Raising	24,116	-0-	-0-	24,116
General and Administrative	<u>1,102</u>	<u>-0-</u>	<u>-0-</u>	<u>1,102</u>
Total Expenses	<u>32,748</u>	<u>-0-</u>	<u>-0-</u>	<u>32,748</u>
Increase in Net Assets Before Other Sources & Uses	46,537	-0-	-0-	46,537
Other Sources & Uses				
Transfers from Other Funds	-0-	-0-	-0-	-0-
Transfers to Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Sources & Uses	-0-	-0-	-0-	-0-
Increase in Net Assets	46,537	-0-	-0-	46,537
Net Assets at the Beginning of the Year	<u>65,927</u>	<u>-0-</u>	<u>-0-</u>	<u>65,927</u>
Net Assets at the End of the Year	<u>\$ 112,464</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 112,464</u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Cash flows from operating activities:	
Tuition and fees	\$ (305,477)
Grants and contracts	17,067,433
Payments to suppliers	(8,938,675)
Payments to employees for salaries and benefits	(17,332,037)
Payments for utilities	(1,057,470)
Payments for scholarships and fellowships	(2,602,645)
Athletics	41,950
Auxiliary enterprise charges:	
Student housing	(29,439)
Food services	(43,542)
Bookstore	1,231,248
Other auxiliary enterprises	23,063
Other receipts	<u>239,603</u>
Net cash used by operating activities	<u>(11,705,988)</u>
Cash flows from noncapital financing activities:	
State appropriations	9,417,321
County appropriations	2,907,780
Other nonoperating revenues (expenses)	<u>251,891</u>
Net cash provided by noncapital financing activities	<u>12,576,992</u>
Cash flows from capital and related financing activities:	
Cash paid for acquisition and construction of capital assets	(1,347,798)
Capital grants and contracts received	1,094,528
Principal paid on capital debt and leases	(40,000)
Interest paid on capital debt and leases	<u>(4,100)</u>
Net cash used by capital and related financing activities	<u>(297,370)</u>
Cash flows from investing activities:	
Interest received on investments	113,977
Purchases of investments	<u>(331,187)</u>
Net cash used by investing activities	\$ <u>(217,210)</u>
Net increase (decrease) in cash and cash equivalents	<u>356,424</u>
Cash and cash equivalents - beginning of the year	<u>11,311,154</u>
Cash and cash equivalents - end of the year	\$ <u><u>11,667,578</u></u>

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	\$ (16,357,439)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	1,973,244
GASB No. 68 pension expense adjustment	2,938,077
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(357,450)
Inventories	93,299
Prepaid expenses	(771)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	(29,076)
Deposits refundable	(8,325)
Other liabilities	42,453
Total adjustments	<u>4,651,451</u>
Net cash used by operating activities	\$ <u>(11,705,988)</u>

The notes to the financial statements are an integral part of this statement.



**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2017**

Cash Flows From Operating Activities:

Increase in Net Assets \$ 46,537

Adjustments to reconcile increase (decrease) in net assets  
to net cash provided by (used in) operating activities:

-0-

Net Cash Provided by Operating Activities 46,537

Cash Flows From Investing Activities:

-0-

Cash Flows From Financing Activities:

-0-

Net Increase in Cash 46,537

Cash Balance at the Beginning of the Year 65,927

Cash Balance at the End of the Year \$ 112,464

The notes to the financial statements are an integral part of this statement.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

Coahoma Community College was founded in 1949 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Coahoma Community College is found in Section 37-29-551, Miss. Code Ann. (1972). The legal authority for the establishment of Coahoma Early College High School is found in Section 37-27-1, Miss. Code Ann. (1972).

Coahoma Community College and Early College High School is governed by a 14-member board of trustees, selected by the board of supervisors of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica Counties who support the district through locally assessed ad valorem tax millage. One trustee from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors fills the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Coahoma Community College and Early College High School works jointly with the Mississippi Community College Board, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Coahoma Community College and Early College High School reports the following discretely presented component unit: Coahoma Community College Foundation, Inc. (the Foundation). The Foundation is a legally separate, tax-exempt nonprofit organization. The Foundation acts primarily as a fund raising organization to supplement the resources available to Coahoma Community College in support of its programs.

Although the college does not control the timing or amounts of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests is restricted to the activities of the college by its donors.

During the year ended June 30, 2017, the Foundation distributed \$7,530 directly to the college.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis of Public Colleges and Universities*, issued in June and November, 1999, respectively. Coahoma Community College and Early College High School now follows the “business-type activities” reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the college and high school’s financial activities.

**Basis of Accounting**

The financial statements of the institution have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or a contractual obligation to pay.

**Cash Equivalents**

For purposes of the Statement of Cash Flows, the college and high school considers cash on hand, demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

**Accounts Receivable, Net**

Accounts receivable consists of tuition and fees charged to students, state and county appropriations, and amounts due from federal, state and nongovernmental grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

**Inventories**

Inventories consist of bookstore merchandise and food service supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out (FIFO) basis or on the average cost basis. Donated commodities are received from the USDA and are valued at USDA cost.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Restricted Cash and Cash Equivalents**

Cash and cash equivalents that are internally or externally restricted for specific purposes are classified as restricted cash and cash equivalents on the Statement of Net Position.

**Prepaid Expenses**

Prepaid expenses include payments made to various agencies and reflect construction and insurance costs applicable to a subsequent accounting period.

**Investments**

Investments are generally subject to the restrictions of donor gift instruments. They include true endowment funds, which are funds received from a donor with the restrictions that only the income is to be utilized; term endowment funds, which are funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event; and quasi endowment funds, which are funds established by the governing board to function like an endowment fund but may be totally expended at any time at the discretion of the governing board.

The institution accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of Other Additions and Deletions on the Statement of Revenues, Expenses and Changes in Net Position.

**Capital Assets, Net of Accumulated Depreciation**

Capital assets are recorded at cost at the date of acquisition, or, if donated, at acquisition value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed for all assets, excluding land, using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 6 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Unearned Revenues**

Unearned revenues consist of amounts received for tuition and fees prior to the end of the fiscal year but relate to the subsequent accounting period.

**Compensated Absences**

Coahoma Community College and Early College High School does not provide for the accumulation of annual leave or major medical leave beyond one year. Therefore, no accrual for compensated absences has been recorded in the financial statements.

**Classification of Revenues**

The college and high school has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, such as state appropriations, county appropriations and investment income.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until the applicable period.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Net Position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until the applicable period.

See Note 12 for further details.

**State Appropriations**

Coahoma Community College and Early College High School receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi. Beginning with the 2004 fiscal year, a new funding formula was phased in over a 5-year period which shifted the funding calculation from a predominantly full-time student formula, weighted by type of student, to a full-time equivalent formula which is based on total credit hours generated by all students with special considerations given only to high cost programs.

**Scholarship Discounts and Allowances**

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such funds provided to students as awarded by third parties, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college-wide basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Net Position**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, reports equity as “Net Position” rather than “Net Assets.” Net position is classified in three categories:

Net investment in capital assets is the portion of net position that consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of borrowings used to finance the purchase or construction of those assets.

Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors.

Unrestricted net position is the remaining net position less remaining noncapital liabilities which are not restricted – expendable.

The unrestricted net deficit balance of \$15,634,173 at June 30, 2017 included \$127,528 reserved for inventories.

**Note 2: Cash and Cash Equivalents and Investments**

Cash and Cash Equivalents:

Policies:

Coahoma Community College and Early College High School follows the practice of aggregating the cash assets of its various funds to maximize cash management efficiency and returns.

The collateral pledged for the college and high school’s deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the college and high school’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositary Insurance Corporation (FDIC).

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: Cash and Cash Equivalents and Investments (Continued)**

As of June 30, 2017, the total carrying value of the college and high school's deposits with financial institutions reported in all of its funds was \$11,667,578.

*Custodial Credit Risk – Deposits* – Custodial credit risk is defined as risk that, in the event of the failure of a financial institution, the college and high school will not be able to recover deposits or collateral securities that are in the possession of an outside party. The college and high school does not have a formal deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the college and high school. As of June 30, 2017, none of the college and high school's bank balance of \$12,319,937 was exposed to custodial credit risk.

Investments:

Investment policies as set forth by board policy and by Section 37-101-15, Miss, Code Ann. (1972), which authorizes the college and high school to invest in equity securities, bonds and other securities. Investments are reported at fair (market) value.

As of June 30, 2017, Coahoma Community College and Early College High School held the following investments:

<u>Investment Type</u>	<u>Maturity (Years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificates of Deposit	< 1 to 2	\$ 12,920	Not Rated
Money Market Funds	< 1	10,494	Not Rated
Mutual Funds	< 1	<u>2,349,414</u>	Not Rated
Total Investments		<u>\$ 2,372,828</u>	

*Interest Rate Risk* – Interest rate risk is the risk that the college and high school may face should interest rate variances affect the fair value of its investments. Coahoma Community College and Early College High School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: Cash and Cash Equivalents and Investments (Continued)**

*Credit Risk* – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The credit risk ratings listed above are based upon the standards set by Standard and Poor's or Moody's rating services. Coahoma Community College and Early College High School does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

*Custodial Credit Risk* – Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the college and high school will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Coahoma Community College and Early College High School does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2017, none of the \$2,372,828 investment balance was exposed to custodial credit risk since the investment companies held all investments in the name of the college and high school.

*Concentration of Credit Risk* – Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. Coahoma Community College and Early College High School does not have a formal investment policy that addresses concentration of credit risk. As of June 30, 2017, the college and high school did not have any investments requiring disclosure in accordance with the disclosure requirements described above.

**Note 3: Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2017:

		Balance 06/30/17
Student tuition	\$ 3,921,575	
Less: Allowance for doubtful accounts	<u>(3,338,426)</u>	
Net student tuition		583,149
Federal, state, and private grants and contracts		1,674,804
State appropriations		81,679
County appropriations		37,245
Other receivables		<u>352,673</u>
Total accounts receivable		\$ 2,729,550

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 4: Inventories**

Inventories at June 30, 2017 consist of the following:

<u>Inventory</u>	<u>Amount</u>
CCC Bookstore	\$ 121,900
AHS Cafeteria	<u>2,628</u>
Total Inventory	<u>\$ 124,528</u>

**Note 5: Prepaid Expenses**

Prepaid expenses consist of prepaid construction and prepaid insurance. Prepaid construction consists of amounts paid to the Mississippi Office of Buildings, Grounds and Real Property management for various construction, renovation and repair projects on the college campus. Prepaid insurance consists of advance premiums paid to various agencies for the college and high school's various insurance policies. The allocation of these prepaid expenses is as follows:

<u>Prepaid Expense</u>	<u>Amount</u>
Prepaid construction costs	\$ 325,123
Prepaid insurance premiums	<u>143,353</u>
Total Prepaid Expenses	<u>\$ 468,476</u>

**Note 6: Capital Assets**

A summary of the college and high school's changes in capital assets for the year ended June 30, 2017, is shown on the next page.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: Capital Assets (Continued)**

	Balance 07/01/16	Additions	Deletions	Adjustments	Balance 06/30/17
Nondepreciable capital assets					
Land	\$ 305,558	\$	\$	\$	\$ 305,558
Construction in progress	<u>1,809,570</u>	<u>1,605,664</u>	<u>(2,026,725)</u>	<u>(8,421)</u>	<u>1,380,088</u>
Total cost of nondepreciable capital assets	<u>2,115,128</u>	<u>1,605,664</u>	<u>(2,026,725)</u>	<u>(8,421)</u>	<u>1,685,646</u>
Depreciable capital assets					
Improvements other than buildings	6,772,539	2,026,725			8,799,264
Buildings	45,064,294				45,064,294
Equipment	7,195,314	189,382			7,384,696
Library books	<u>1,057,177</u>	<u>3,810</u>			<u>1,060,987</u>
Total depreciable capital assets	<u>60,089,324</u>	<u>2,219,917</u>	<u>-0-</u>	<u>-0-</u>	<u>62,309,241</u>
Less accumulated depreciation for:					
Improvements other than buildings	1,670,696	328,041			1,998,737
Buildings	17,361,478	964,016			18,325,494
Equipment	5,338,952	668,466		(15,948)	5,991,470
Library books	<u>1,021,378</u>	<u>12,720</u>			<u>1,034,098</u>
Total accumulated depreciation	<u>25,392,504</u>	<u>1,973,243</u>	<u>-0-</u>	<u>(15,948)</u>	<u>27,349,799</u>
Total depreciable capital assets - net	<u>34,696,820</u>	<u>246,674</u>	<u>-0-</u>	<u>15,948</u>	<u>34,959,442</u>
Total capital assets, net	<u>\$ 36,811,948</u>	<u>\$ 1,852,338</u>	<u>\$ (2,026,725)</u>	<u>\$ 7,527</u>	<u>\$ 36,645,088</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: Capital Assets (Continued)**

Construction in Progress consists of the following projects:

<u>Project</u>	<u>Accumulated Cost</u>
Allied Health Expansion	\$ 1,189,792
Martin Center Renovation	2,700
Radio Station	142,387
Entrance Wall	25,600
Carter Music Hall Renovation	19,609
Total Construction in Progress	\$ <u>1,380,088</u>

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method. The following useful lives, salvage values, and capitalization thresholds are used to compute depreciation:

<u>Classification</u>	<u>Estimated Useful Lives</u>	<u>Salvage Value</u>	<u>Capitalization Threshold</u>
Buildings	40 Years	20%	\$50,000
Improvements Other Than Buildings	20 Years	20%	\$25,000
Equipment	3 to 15 Years	1% to 10%	\$5,000
Library Books	10 Years	0%	\$0

**Note 7: Construction Commitments and Financing**

During the 2013/2014 school year, the college contracted for expansion of its Allied Health Center and for storm damage repairs to Miller Stadium. During the 2014/2015 the college contracted for construction of a campus radio station and a campus entrance wall. During the 2016/2017 school year, the college contracted for renovation of the Carter Music Hall. As of June 30, 2017, the estimated costs to complete these projects and the sources of anticipated funding are presented on the next page.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 7: Construction Commitments and Financing (Continued)**

Project	Total Costs to Complete	State Sources	Other Sources
Allied Health Expansion	2,845,595	1,995,595	850,000
Miller Stadium Storm Repairs	1,740,493	1,091,157	649,336
Campus Radio Station	150,000	137,560	12,440
Campus Entrance Wall	1,030,000	821,921	208,079
Carter Music Hall Renovation	299,682	-0-	299,682
Totals	\$ 6,065,770	\$ 4,046,233	\$ 2,019,537

**Note 8: Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at June 30, 2017 consist of the following. All accounts payable and accrued liabilities are considered current liabilities by the college and high school.

Component	Amount
Employee salaries and benefits	\$ 280,117
Payments to suppliers and contractors	553,355
Total accounts payable and accrued liabilities	\$ 833,472

**Note 9: Long-term Liabilities**

Long-term liabilities of the college and high school consist of notes and bonds payable and certain other liabilities that are expected to be liquidated at least one year from June 30, 2017.

The schedule of original issue amounts, interest rates, and maturity dates and outstanding balances for bonds and notes included in the long-term liabilities balance at June 30, 2017 and a schedule detailing the annual requirements necessary to amortize the outstanding debt are listed on the following page.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 9: Long-term Liabilities (Continued)**

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	Balance 07/01/16	Additions	Deletions	Balance 06/30/15	Current Portion
Bonded debt:								
Coahoma Early College High School, State aid capital improvement bonds, series 1998	\$ 541,000	5.00%	2018	\$ <u>82,000</u>	\$ <u>-0-</u>	\$ <u>(40,000)</u>	\$ <u>42,000</u>	\$ <u>42,000</u>
Total bonded debt				82,000	-0-	(40,000)	42,000	42,000
Other long-term liabilities:								
Deposits refundable				\$ <u>38,893</u>	\$ <u>-0-</u>	\$ <u>(8,325)</u>	\$ <u>30,568</u>	\$ <u>-0-</u>
Total other long-term liabilities				<u>38,893</u>	<u>-0-</u>	<u>(8,325)</u>	<u>30,568</u>	<u>-0-</u>
Total				\$ <u><u>120,893</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>(48,325)</u></u>	72,568	\$ <u><u>42,000</u></u>
Due within one year							<u>42,000</u>	
Total long-term liabilities							\$ <u><u>30,568</u></u>	

The annual debt service requirements to amortize outstanding long-term liabilities as of June 30, 2017, are as follows:

Fiscal Year Ending June 30:	Bonded Debt	Interest	Total
2018	\$ <u>42,000</u>	\$ <u>2,100</u>	\$ <u>44,100</u>
Totals	\$ <u><u>42,000</u></u>	\$ <u><u>2,100</u></u>	\$ <u><u>44,100</u></u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 10: Operating Leases**

Leased property under operating leases is composed of photocopiers. The following is a schedule by years of the future minimum rental payments required under those operating leases.

Fiscal Year Ending June 30:	Amount
2018	\$ 36,068
2019	21,455
2020	13,028
2021	7,550
2022	4,211
Total minimum payments required	\$ <u>82,312</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ended June 30, 2017, was \$58,437.

**Note 11: Pension Plan**

**Plan Description** – Coahoma Community College and Early College High School contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees’ authority to determine contribution rates established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees’ Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 11: Pension Plan (Continued)**

**Benefits Provided** – Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entities participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that a member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual allowance for each full year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions** – PERS members are required to contribute 9.0% of their annual covered salary, and the college and high school are required to contribute at an actuarial determined rate. The employer's contribution rate as of June 30, 2017, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The college and high school's contributions to PERS for the years ending June 30, 2017, 2016, and 2015, were \$1,902,427, \$2,012,389, and \$1,919,023, respectively, which equaled the required contributions for each year.



**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 11: Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the college and high school reported a liability of \$35,724,994 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The college and high school's portion of the net pension liability was based on a projection of the college and high school's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, as actuarially determined. The college and high school's proportionate share used to calculate the June 30, 2016 net pension liability was .2 percent, which was based on a measurement date of June 30, 2016. This was an increase of .01 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the college and high school recognized pension expense of \$4,840,503. At June 30, 2017, the college and high school reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below.

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Differences between expected and actual experience	\$ 976,109	\$ -0-
Net difference between expected and actual earnings on pension plan investments	2,345,402	-0-
Changes of assumptions	1,599,946	-0-
Changes in proportion and differences between college and high school contributions and proportionate share of contributions	1,028,827	-0-
College and high school contributions subsequent to the measurement date	<u>1,902,427</u>	<u>-0-</u>
Total	<u>\$ 7,852,711</u>	<u>\$ -</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 11: Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The \$1,902,427 reported as deferred outflows of resources related to pensions resulting from the college and high school contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability at the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year ended June 30:

2018	\$	2,111,130
2019		1,703,204
2020		1,430,195
2021		705,755
2022		-0-
Thereafter		-0-
Total	\$	5,950,284

**Actuarial Assumptions** – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 to 19.0 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table with Scale BB to 2016, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period of July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 11: Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the shown below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	<u>1.00</u>	(0.50) %
Total	100.00 %	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 11: Pension Plan (Continued)**

**Sensitivity of the College and High School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the college and high school's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the college and high school's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one (1) percentage-point lower (6.75 percent) or one (1) percentage-point higher (8.75 percent) than the current rate (7.75 percent):

	1% Decrease 6.75%	Current Discount Rate (7.75%)	1% Increase 8.75%
College and high school's proportionate share of net pension liability	\$ 45,807,452	\$ 35,724,994	\$ 27,359,822

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Note 12: Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$15,634,173) includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$976,109 balance of the net deferred outflow of resources at June 30, 2017 will be recognized as expense and decrease unrestricted net position over the remaining three years.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings on defined benefit pension plan investments. The \$2,345,402 balance of the net deferred outflow of resources at June 30, 2017 will be recognized as expense and decrease unrestricted net position over the next four years.

Unrestricted net position also includes the effect of deferring the recognition of the changes in actuarial assumptions utilized in developing the net pension liability. The \$1,599,946 balance of the net deferred outflow of resources at June 30, 2017 will be recognized as expense and decrease unrestricted net position over the next three years.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 12: Effect of Deferred Amounts on Net Position (Continued)**

Unrestricted net position also includes the effect of deferring the recognition of the changes in the college and high school's proportionate share of contributions utilized in developing the net pension liability. The \$1,028,827 balance of the net deferred outflow of resources at June 30, 2017 will be recognized as expense and decrease unrestricted net position over the next three years.

**Note 13: Natural Classifications with Functional Classifications**

The table on the following page lists the institution's operating expenses by natural and functional classifications as of June 30, 2017:

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 13: Natural Classifications with Functional Classifications (Continued)**

Functional Classification	Year Ended June 30, 2017								
	Natural Classification								
	Salaries & Wages	Fringe Benefits	Contractual Services	Commodities	Travel	Utilities & Insurance	Scholarships & Fellowships	Depreciation	Total
Instruction	\$ 7,241,005	\$ 3,923,744	\$ 892,146	\$ 901,530	\$ 203,896	\$ -0-	\$ -0-	\$ -0-	\$ 13,162,321
Academic Support	971,739	552,154	1,484,431	200,427	50,715	-0-	-0-	-0-	3,259,466
Student Services	2,261,167	1,074,977	416,055	482,715	33,196	-0-	-0-	-0-	4,268,110
Institutional Support	1,452,519	781,023	839,078	275,716	34,525	-0-	-0-	-0-	3,382,861
Operation of Plant	944,486	567,716	403,093	557,983	2,191	1,056,698	-0-	-0-	3,532,167
Student Aid	-0-	-0-	217	-0-	-0-	-0-	2,602,645	-0-	2,602,862
Auxiliary Enterprises	261,111	161,991	1,055,755	891,645	1,393	-0-	-0-	-0-	2,371,895
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,973,244	1,973,244
Total Operating Expenses	<u>\$ 13,132,027</u>	<u>\$ 7,061,605</u>	<u>\$ 5,090,775</u>	<u>\$ 3,310,016</u>	<u>\$ 325,916</u>	<u>\$ 1,056,698</u>	<u>\$ 2,602,645</u>	<u>\$ 1,973,244</u>	<u>\$ 34,552,926</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 14: Concentrations**

Coahoma Community College and Early College High School receives a significant portion of its revenues from federal and state funding programs and grants. Future funding of these programs is necessary for the college and high school to continue the current level of its programs and courses offered.

**Note 15: Contingencies**

Federal, State and Private Grants – Coahoma Community College and Early College High School receives federal and state and private grants for specific purposes that are subject to audit by grantor agencies. Entitlements to those resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the college and high school.

**Note 16: Risk Management**

Coahoma Community College and Early College High School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The college and high school carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the three past fiscal years.

**Note 17: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Coahoma Community College and Early College High School evaluated the activity of the college and high school through February 7, 2018 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

Coahoma Community College Foundation, Inc. (The Foundation) is a legally separate, tax-exempt nonprofit organization founded in 1981 to promote, establish, maintain and disperse Foundation funds to support the mission and objectives of Coahoma Community College, its students, alumni and staff. The Foundation acts primarily as a fund raising and public relations organization to supplement the resources available to Coahoma Community College in support of its programs.

The Foundation is exempt from corporate income taxes granted by the Internal Revenue Service (IRS) under Section 501(c) (3) of the Internal Revenue Code. The State of Mississippi income tax laws recognize the Foundation as a tax-exempt organization for Mississippi income tax purposes.

The accounting policies of Coahoma Community College Foundation, Inc. conform to the accounting principles generally accepted in the United States of America applicable to nonprofit organizations. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Presentation**

The financial statements of the Foundation have been prepared using the accrual basis of accounting. The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC 958, the Foundation is required to report the information regarding its financial position and activities according to three classifications of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.



**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Unrestricted Net Assets**

Unrestricted net assets are not subject to any donor-imposed restrictions. Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor restrictions. Expirations of temporary restrictions on net assets, that is, the donor-imposed restriction having been accomplished and/or the specified time period having elapsed, are reported as transfers between the applicable classes of net assets.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets include gifts, unconditional promises to give, trusts and remainder interests, income, and gains which can be expended but for which the donor-imposed restrictions have not yet been met. Examples of such restrictions would be where donors have specified the purpose for which the net assets are to be spent such as for scholarships, capital projects or athletic programs.

**Permanently Restricted Net Assets**

Permanently restricted net assets include gifts required by donors to be permanently retained. Income and capital gains may or not be used depending upon the restrictions imposed by the donor.

**Contributions**

Contributions received by the Foundation are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, that is when the designated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of their acquisition.

**Fair Value of Financial Instruments**

The carrying amount for cash and cash equivalents at June 30, 2017 are their fair values.

**Fund Raising**

The Foundation conducts fund raising activities throughout the year. Revenue related to fund raising activities is included under revenues in the Statement of Activities and is listed as contributions.

The expenses related to fund raising activities is included under supporting services in the Statement of Activities and are for expenses incurred in inducing individuals to make contributions to the Foundation for which the contributor will receive no direct economic benefit.

**Functional Allocation of Expenses**

The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

**COAHOMA COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: Concentrations of Credit Risks**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consists of cash. The Foundation places its cash in creditworthy, high quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides up to \$250,000 coverage on deposits at each financial institution. At June 30, 2017, all \$112,564 of the Foundation's cash deposits were fully insured by the FDIC.

**Note 3: Subsequent Events**

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Coahoma Community College Foundation, Inc. has evaluated the activity of the Foundation through February 7, 2018 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Proportionate Share of Net Pension  
Liability for the Last Ten Fiscal Years\***

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of net pension liability	0.20%	0.19%	0.19%
Proportionate share of net pension liability	35,724,994	29,370,253	23,062,521
Covered-employee payroll	12,777,086	12,184,363	11,531,399
Proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	279.60%	241.05%	200.00%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

The notes the required supplementary information are an integral part of this schedule.

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30<sup>th</sup> of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. GASB Statements No. 68 and 71 were implemented for the fiscal year ending June 30, 2015 and, until the full ten-year trend is compiled, the data is only presented for the years for which the data is available.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of PERS Contributions  
for the Last Ten Fiscal Years**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	1,902,427	2,012,389	1,919,023
Contributions in relation to the contractually required contribution	<u>(1,902,427)</u>	<u>(2,012,389)</u>	<u>(1,919,023)</u>
Contribution deficiency (excess)	-0-	-0-	-0-
Covered-employee payroll	12,078,887	12,777,086	12,184,363
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. GASB Statements No. 68 and 71 were implemented for the fiscal year ending June 30, 2015 and, until the full ten-year trend is compiled, the data is only presented for the years for which the data is available.

## **COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **Pension Schedules**

#### **Note 1: Changes of Benefit Terms**

There are no changes of benefit terms to report.

#### **Note 2: Changes of Assumptions**

- 2015
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
  - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

#### **Note 3: Changes in Benefit Provisions**

- 2016
  - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

#### **Note 4: Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 valuation). The actuarial methods and assumptions shown on the following page were used to determine the most recent contribution rate reported in that schedule:

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

**Pension Schedules**

**Note 4: Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Continued)**

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset evaluation method	5-year smoothed market
Price inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation



## **SUPPLEMENTARY INFORMATION**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>		
Child Nutrition Cluster:		
Pass-Through Programs From:		
Mississippi Department of Education - National School Lunch Program	10.555	\$ <u>206,872</u>
Total Child Nutrition Cluster		<u>206,872</u>
Delta Health Care Services Grant Program	10.874	30,613
Pass-Through Programs From:		
Mississippi Community College Board - State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561	<u>114,145</u>
Total U.S. Department of Agriculture		<u>351,630</u>
<u>U.S. Department of Justice</u>		
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	<u>45,184</u>
Total U.S. Department of Justice		<u>45,184</u>
<u>U.S. Department of Labor</u>		
WIA Cluster:		
Pass-Through Programs From:		
Delta Workforce Investment Area - WIOA Youth Activities	17.259	154,748
Mississippi Department of Employment Security - Various WIOA/WIA Programs	17.XXX	<u>86,822</u>
Total WIA Cluster		<u>241,570</u>
Total U.S. Department of Labor		<u>241,570</u>
<u>National Aeronautics and Space Administration</u>		
Pass-Through Programs From:		
University of Mississippi - Aerospace Education Services Program	43.008	<u>14,000</u>
Total National Aeronautics and Space Administration		<u>14,000</u>

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>National Endowment for the Arts</u>		
Pass-Through Programs From:		
Mississippi Arts Commission - Promotion of the Arts - Partnership Agreements	45.025	\$ 4,500
Total National Endowment for the Arts		4,500
<u>National Endowment for the Humanities</u>		
Pass-Through Programs From:		
Mississippi Humanities Council - Promotion of the Humanities - Federal/State Partnership	45.129	3,000
Total National Endowment for the Humanities		3,000
<u>U.S. Department of Education</u>		
Student Financial Aid Cluster:		
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	262,322
Federal Work-Study Program (FWS)	84.033	320,517
Federal Pell Grant Program (PELL)	84.063	8,231,794
Total Student Financial Aid Cluster		8,814,633
TRIO Cluster:		
TRIO - Talent Search	84.044	243,851
Total TRIO Cluster		243,851
Other U.S. Department of Education Programs:		
Higher Education - Institutional Aid	84.031	3,520,665
Pass-Through Programs From:		
Mississippi Community College Board - Adult Education - Basic Grants to States	84.002	118,066
Mississippi Department of Education - Title I Grants to Local Education Agencies	84.010	133,690
Mississippi Department of Education - Special Education - Grants to States	84.027	61,914
Mississippi Department of Education - Career and Technical Education - Basic Grants to States	84.048	320,624

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
Other U.S. Department of Education Programs (Continued):		
Pass-Through Programs From:		
Mississippi Department of Education - School Improvement Grants	84.377	\$ <u>328,315</u>
Total Other U.S. Department of Education Programs		<u>4,483,274</u>
Total U.S. Department of Education		<u>13,541,758</u>
<u>U.S. Department of Health and Human Services</u>		
Pass-Through Programs From:		
Mississippi Department of Human Services - Social Services Block Grant	93.667	255,449
University of Southern Mississippi - Biomedical Research and Research Training	93.859	<u>43,511</u>
Total U.S. Department of Health and Human Services		<u>298,960</u>
<u>Corporation for National and Community Service</u>		
AmeriCorps	94.006	<u>2,558</u>
Total Corporation for National and Community Service		<u>2,558</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$ <u><u>14,503,160</u></u></b>

The notes to the Schedule or Expenditures of Federal Awards are presented on the following page.

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1:       Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Coahoma Community College and Early College High School under programs of the federal and state governments for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Coahoma Community College and Early College High School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Coahoma Community College and Early College High School.

**Note 2:       Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Entire program costs, including the college and high school's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements. The college and high school has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the President and Board of Trustees  
Coahoma Community College and Early College High School  
Clarksdale, Mississippi 38614

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Coahoma Community College and Early College High School as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Coahoma Community College and Early College High School's basic financial statements, and have issued our report thereon dated February 7, 2018. The financial statements of Coahoma Community College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coahoma Community College and Early College High School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coahoma Community College and Early College High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Coahoma Community College and Early College High School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that might be material weaknesses. However, material weaknesses may exist that have not been identified.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, as described in finding 2017-001, in the accompanying schedule of findings and questioned costs that we consider to be a material weakness.

### **Compliance and Other Matters**

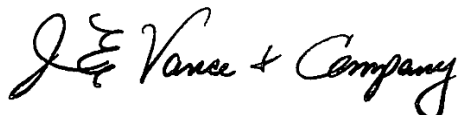
As part of obtaining reasonable assurance about whether Coahoma Community College and Early College High School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Coahoma Community College and Early College High School's Response to Findings**

Coahoma Community College and Early College High School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Coahoma Community College and Early College High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "J. E. Vance + Company".

Tupelo, Mississippi  
February 7, 2018



**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET  
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TUPELO, MISSISSIPPI 38802

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**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Board of Trustees  
Coahoma Community College and Early College High School  
Clarksdale, Mississippi 38614

**Report on Compliance for Each Major Federal Program**

We have audited Coahoma Community College and Early College High School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coahoma Community College and Early College High School's major federal programs for the year ended June 30, 2017. Coahoma Community College and Early College High School's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Coahoma Community College and Early College High School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coahoma Community College and Early College High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coahoma Community College and Early College High School's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Coahoma Community College and Early College High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Coahoma Community College and Early College High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coahoma Community College and Early College High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coahoma Community College and Early College High School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such as that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*J&E Vance + Company*

Tupelo, Mississippi  
February 7, 2018

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**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

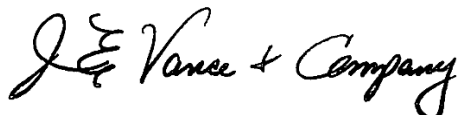
To the President and Board of Trustees  
Coahoma Community College and Early College High School  
Clarksdale, Mississippi 38614

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Coahoma Community College and Early College High School as of and for the year ended June 30, 2017, which collectively comprise Coahoma Community College and Early College High School's basic financial statements and have issued our report thereon dated February 7, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the college and high school's board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Tupelo, Mississippi  
February 7, 2018

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Section 1: Summary of Auditor's Results**

Financial Statements:

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements:                              | Unmodified    |
| 2. Material Noncompliance relating to the financial statements?                              | No            |
| 3. Internal control over financial reporting:  |               |
| a. Material weakness(es) identified?   | Yes           |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- |  |   |
|--|---|
| 4. Type of auditor's report issued on compliance for major programs:                         | Unmodified  |
| 5. Internal control over major programs:   |   |
| a. Material weakness(es) identified?   | No  |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None Reported                                       |
| 6. Any audit finding(s) reported as required by 2 CFR 200.516(a)?                            | No  |
| 7. Federal programs identified as major programs:  |   |
| a. Student Financial Assistance Cluster:   |   |
| CFDA 84.007  | Federal Supplemental Educational Opportunity Grants |
| CFDA 84.033  | Federal Work-Study Program                          |
| CFDA 84.063  | Federal Pell Grant Program                          |
| b. Higher Education – Institutional Aid  |   |
| CFDA 84.031  |   |

**COAHOMA COMMUNITY COLLEGE AND EARLY COLLEGE HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

c. School Improvement Grants  
CFDA 84.377

- |   |           |
|---|-----------|
| 8. The dollar threshold used to distinguish between Type A and Type B programs:   | \$750,000 |
| 9. Auditee qualified as low-risk auditee?   | Yes       |
| 10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | No        |

**Section 2: Financial Statement Findings**

Finding 2017-001

Management of the college and high school is responsible for establishing an effective internal control system to ensure that only authorized payments are made to the college and high school's vendors. FASB Accounting Standards Codification §330.30.15 (Inventory) and §705.25.3 (Cost of Sales and Services) require proper accounting for inventory amounts and the associated cost of the sales of inventory. During our review of the college bookstore's purchases we identified unauthorized purchases totaling \$259,858, which were charged to the college bookstore's Merchandise Purchased for Resale account. This situation represents a weakness in the internal control procedures surrounding the acquisition of the college bookstore's inventory. This weakness, if not corrected, could cause additional unauthorized purchases to be made for the bookstore or other departments of the college or high school.

Recommendation

The college and high school should implement procedures to ensure that only authorized purchases are made and that payment is made only for authorized purchases in all college and high school departments.

Coahoma Community College and Early College High School's Response

We concur with the finding and our detailed response is outlined on the following page.

Name of Contact Person Responsible for Corrective Action:

Deborah S. McNeal, Chief Financial Officer (662) 621-4124

Corrective Action Planned:

The Business Office and Campus bookstore have strengthened controls to ensure that only authorized purchases are completed and payments made only for authorized purchases. Upon receipt, bookstore invoices will be reviewed by the Accounting Supervisor, Federal Programs Accountant, and Bookstore Manager to include the following procedures:

- (1) Verify purchase order number referenced on the invoice is the same number issued to the vendor for those goods or services.
- (2) Verify that the goods or services on the invoice have been received and that the price charged is the price previously agreed upon.
- (3) The Bookstore Manager will sign and date the invoice, marking it as “Approved for Payment” on its face, and attach any applicable notes regarding such items as the possible issuance of a credit memo related to this purchase in the near future, changes in the quantity or amount shown on the invoice based upon what was actually received, or any other special information that would be of assistance to the Business Office in processing the invoice (including any supplemental supporting paperwork).

Business Office Processing: Vendors are notified on the face of the purchase order to send invoices directly to the attention of Accounts Payable. Invoices are delivered to the Chief Financial Officer for review and distributed for processing. Processing of invoices has been separated into two employees; one will process Vendors A-L for the 1<sup>st</sup> half of the fiscal year, and the other employee will process vendors M-Z, alternating every six months. Checks will be cut by the Accounting Supervisor and delivered to the President for check signing.

Anticipated Completion Date: February 1, 2018

### **Section 3: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings or questioned costs related to federal awards.